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C O N F I D E N T I A L SECTION 01 OF 02 KABUL 000025

SIPDIS

DEPT FOR D/LEW, S/SRAP AND SCA/A  
TREASURY FOR LMCDONALD, MNUGENT, JCASAL, AKIFAYAT

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TAGS: [EFIN](#) [EAID](#) [PGOV](#) [PREL](#) [AF](#)

SUBJECT: COMMERCE OFFICIAL ON CABINET DEAL-MAKING IN PARLIAMENT

REF: (A) KABUL 21  
(B) 09 KABUL 4139

Classified By: Ambassador E. Anthony Wayne for reasons 1.4 (b) and (d).

**¶1. (C) SUMMARY:** During a January 1 meeting, Afghanistan-Pakistan Transit Trade Agreement (APTTA) Chief Negotiator (and former Commerce Deputy Minister) Adib Farhadi expressed serious concerns about the Afghan Ministerial confirmation process to Coordinating Director for Development and Economic Affairs Ambassador E. Anthony Wayne. Farhadi concerns about the current "wheeling and dealing" by Karzai cabinet appointees among Parliamentary factions appear partially borne out by the parliamentary vote on January 2. Describing January 1 as the climax of these back-room negotiations, Farhadi said many minister-designees were trying to hammer out "corrupt arrangements" with key parliamentarians and voting factions to garner enough votes to win their portfolios. Farhadi did not name ministerial names (except for some finger-pointing at Commerce Minister designate Aylaki) but indicated several candidates were engaging in corrupt practices across the board for those ministries with money-making potential. (NB: Other Afghan contacts have made similar claims of ministerial candidate payoffs in exchange for MP votes (see Ref A). Parliament's Jan. 2 rejection of all but 7 of the 24 candidates lends credence to Farhadi's claims. The losers included Aylaki despite Farhadi's accusations.) End summary.

**¶2. (SBU)** Embassy and AID officers have worked closely with Farhadi over the past year, chiefly on the APTTA and consider him a credible provider of background information. A dual American-Afghan citizen with more than five years of experience here as a World Bank contractor, Commerce Ministry Deputy Minister, and Trade Negotiator, Farhadi is preparing to depart Afghanistan o/a January 4 to take up a fellowship at Australian National University and serve as Commercial Attaché at the Afghan Consulate in Sydney. While working intensively on London Conference preparations with National Security Advisor Dr. Zalmay Rassoul up to his departure, Farhadi expects to be called back to help GIRoA wrap up the APTTA and Afghanistan's pending World Trade Organization application (reported septel).

CABINET WHEELING AND DEALING IN PARLIAMENT

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**¶3. (C)** Farhadi expressed serious concerns about the intensifying "wheeling and dealing" by Karzai cabinet appointees among Parliamentary factions. Describing January 1 as the climax of these back-room negotiations, Farhadi said many minister-designees were meeting with parliamentarians that day to hammer out "corrupt arrangements" in last-ditch efforts to win their portfolios. Farhadi did not name ministerial names but indicated corrupt practices were pursued across the board, for those ministries that had money-making potential. He said he had sat in on similar meetings in previous years, but these meetings were much more direct: give me contracts or money. (NB: On January 2, Parliament approved just 7 of the 24 ministerial nominees. Other contacts have confirmed that candidates who did not make payoffs to MPs lost their votes. However, not all of those accused of payoffs succeeded, either. See reference to

Commerce Minister Aylaki, below. See Ref A for more details.)

¶4. (C) Asked about Commerce Minister-designate Aylaki's chances for confirmation, Farhadi replied that Aylaki had baggage from his previous service in the 1980-90's as President Najibullah's Deputy Commerce Minister and his past ties with Communist Party leaders. (Note: Harking back to his state-directed experience in government in his recent confirmation hearing, Aylaki seemed committed his potential ministry to restore "coupon" systems disbursing food, cooking oil, and fuel to presumably needy Afghan families. End note.) Farhadi indicated that Aylaki was making deals with key factions, promising them business licenses, special access to state-owned enterprise assets, and other preferential arrangements in return for their votes. He made no predictions on whether Aylaki would win a vote of confidence and cited a member of "mistakes" by Aylaki in his testimony before parliament which alienated business leaders. (Note: On January 2, Aylaki failed to obtain parliamentary approval, with the fourth largest "no" votes among the 24 ministerial candidates. End note.)

¶5. (C) Farhadi anticipated that some ministers would not receive votes of confidence and President Karzai would have to resume his candidate search. He indicated that some would have trouble demonstrating to Parliament that they were not dual citizens, as required under so far unenforced constitutional requirements. In this regard, he named Finance Minister Zakhilwal as having a tough case to prove. (Note: Zakhilwal holds Canadian citizenship but has "surrendered" his passport to the Canadian Embassy. On January 2, the initial parliamentary vote approved Zakhilwal along with 6 other candidates including former Commerce Minister Shahrani who is headed to the Ministry of Mines. End note.)

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¶6. (C) Asked about the Foreign Minister slot yet to be named, Farhadi indicated that National Security Advisor Dr. Zalmay Rassoul and Dr. Spanta might switch places. Farhadi added that Dr. Spanta had received two separate votes of no confidence over the past three years that had undermined his ability to work effectively with Parliament. Both votes stemmed from his failure to address parliamentary concerns about Afghan workers expelled from Iran in ¶2006. Farhadi noted that the Assembly had recently passed a resolution attempting to bar Dr. Spanta from representing Afghanistan at the London Conference, thus going against President Karzai's own announced plan to keep Dr. Spanta in place for that purpose.

CAPACITY-BUILDING IS INSULTING

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¶7. (C) Farhadi said that the Commerce Ministry had recently been the scene of some "physical office fights" between the "new guard" brought in by Minister Shahrani and older officials who had been shunted aside by them. (Note: Shahrani brought in a cadre of young, well-trained mid-level managers to help him drive an ambitious reform agenda in the Ministry that would not have moved under the old guard. End note.) Unwisely, however, the new guard had insulted or burnt bridges of communication with the older generation and now had to brace for vindictive score-settling. Some older employees were threatening the new entrants with physical violence and seeking to move them to less desirable offices in the ministry. Farhadi said he had been trying to keep the peace along with Acting Minister Sharifi but it was only a matter of time before the diaspora of younger officials accelerated out of Commerce probably to Shahrani's new Ministry of Mines.

¶8. (C) Turning generally to "capacity-building" at the Commerce Ministry, Farhadi said international donor approaches were undermined by the very term, "capacity-building", which, in Dari and Pashtu, is ambiguous, implying that Afghan officials lack capability rather than skills. Farhadi suggested that we relabel such initiatives as "skill development" initiatives to emphasize the need for specialized expertise.

COMMENT

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¶ 9. (C) Farhadi has no specific job prospects since he is preparing to depart Afghanistan for Australia but may be called back for APTTA and possibly WTO talks. He remains closely connected with Presidential Palace players including NSA's Rassoul and has ridden horses with First Vice President Fahim. In light of his good access and reliable record of providing inside information, we find his allegations of inside deals on Cabinet confirmations to be credible and confirmed by others in subsequent conversations. End comment.

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